

Representatives Pete Stark (D-CA), John D. Dingell (D-MI) and Sherrod Brown (D-Ohio) today released the findings of GAO report, "Medicare+Choice: Recent Payment Increases Had Little Effect On Benefits Or Plan Availability In 2001," that examined the effectiveness of the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act (BIPA) of 2000. The legislation increased payments to Medicare+Choice (M+C) plans by more than \$32 billion over 10 years with the supposed goal of improving benefits for Medicare beneficiaries and to increase availability of M+C plans. Representatives Ben Cardin, William Coyne, Lloyd Doggett, William Jefferson, John Lewis, Michael McNulty, and Karen Thurman also requested the report.

"This GAO report is especially timely given the current push by the HMO industry to get additional Medicare+Choice funding. More money doesn't equal better benefits or a bigger and more stable program. This report makes that clear," said Rep. Stark.

The GAO report indicates that, while M+C payments for 2001 were estimated to increase by \$1 billion, few plans increased benefits, entered or re-entered market areas, or expanded into additional service areas. In fact, 83 percent of plans didn't use the money on benefits at all. Instead, they used it to stabilize networks, which often translated to "pay providers more." A mere 12 percent of plans used their entire BIPA payment to increase benefits, and only 16 percent used a portion of the increased payment to improve benefits.

"Congress continues to pour money into the coffers of Medicare HMOs in hopes of providing better care to America's seniors, but the HMOs keep stranding hundreds of thousands of beneficiaries annually by either leaving the program or dramatically reducing benefits," Dingell said. "It is foolish to even consider throwing more money at this failed system."

GAO also reports that the infusion of funding did little to increase access to plans for beneficiaries. Just seven managed care organizations decided to enter or re-enter markets or expand their service areas, and several indicated that they would have done so regardless of the funding increase. Furthermore, 97 percent of beneficiaries living in these counties already had access to at least one M+C plan in 2001.

Rep. Brown stated: "Last year, we poured an additional billion into Plus Choice plans, and what do we have to show for it? Another year of disappearing coverage, eroding benefits, and disillusioned seniors wondering how the Medicare name could be associated with such unreliable health care protection. Throwing money blindly at the Plus Choice plans last year was a bad idea. Doing so again this year, with our eyes wide open, would be reprehensible."

